

GENERAL FUND

The General Fund is used to account for resources traditionally associated with local government, and any other activity for which a special fund has not been created.

MASON COUNTY, MICHIGAN
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2003

ASSETS

Cash and cash equivalents	\$ 670,787.58
Investments (net of premiums)	1,262,231.63
Property taxes receivable	5,889,171.04
Accounts receivable	30,495.74
Interest receivable	1,937.41
Prepaid items	88,569.15
Due from other funds	270,007.24
Advances to other funds	14,581.13
Due from federal and state governments	<u>329,947.04</u>
TOTAL ASSETS	\$ <u><u>8,557,727.96</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 91,866.24
Due to other funds	1,012,662.30
Due to others	41,251.58
Accrued wages	<u>80,348.65</u>
TOTAL LIABILITIES	<u>1,226,128.77</u>
DEFERRED REVENUE	<u>5,889,171.04</u>

FUND BALANCE

Reserved for prepaid items	88,569.15
Reserved for advances	14,581.13
Undesignated and unreserved	<u>1,339,277.87</u>
TOTAL FUND BALANCE	<u>1,442,428.15</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>8,557,727.96</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

REVENUES	
Taxes	\$ 5,638,172.76
Licenses and permits	108,320.03
Intergovernmental	
Federal	302,972.56
State	1,215,428.36
Charges for services	768,107.34
Interest and rents	115,341.60
Other revenue	162,340.62
TOTAL REVENUES	8,310,683.27
EXPENDITURES	
Legislative	267,704.54
Judicial	1,095,640.69
General government	1,874,894.53
Public safety	1,565,832.46
Public works	31,845.97
Health and welfare	331,712.45
Other	11,040.62
TOTAL EXPENDITURES	5,178,671.26
EXCESS (DEFICIENCY) OF	
 REVENUES OVER EXPENDITURES	3,132,012.01
OTHER FINANCING SOURCES (USES)	
Transfers out	(3,036,261.65)
EXCESS (DEFICIENCY) OF	
 REVENUES AND OTHER FINANCING	
 SOURCES OVER EXPENDITURES	
 AND OTHER USES	95,750.36
FUND BALANCE, JANUARY 1	1,348,192.87
PRIOR PERIOD ADJUSTMENTS	(1,515.08)
FUND BALANCE, DECEMBER 31	\$ 1,442,428.15

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
District court	\$ 245,000.00	\$ 282,375.00	\$ 280,836.47	\$ (1,538.53)
Friend of the court	25,000.00	18,000.00	19,630.02	1,630.02
Probate court	17,000.00	10,125.00	11,036.60	911.60
Juvenile court	30,000.00	27,300.00	27,317.04	17.04
Family counseling service	3,400.00	3,675.00	3,740.00	65.00
Prosecutor	20,000.00	11,200.00	12,658.90	1,458.90
County clerk	75,000.00	82,300.00	83,979.38	1,679.38
Equalization department	26,000.00	28,775.00	28,777.35	2.35
Resgister of deeds	225,000.00	321,800.00	330,636.93	8,836.93
Property tax collections	5,419,000.00	5,398,650.00	5,398,652.00	2.00
Delinquent personal tax	10,000.00	11,525.00	11,526.15	1.15
Other taxes	173,000.00	173,450.00	174,036.61	586.61
Payment in lieu of tax	41,000.00	50,775.00	50,778.00	3.00
Probate judge supplement	98,000.00	101,825.00	101,840.47	15.47
Judicial salary standardization	106,000.00	122,750.00	123,218.90	468.90
Court financing reimbursements	176,000.00	194,600.00	190,626.03	(3,973.97)
Emergency management	9,025.00	10,350.00	10,014.16	(335.84)
Sheriff road patrol	58,000.00	59,625.00	64,512.00	4,887.00
Marine patrol	19,000.00	18,400.00	18,414.50	14.50
Drunk driving case flow	0.00	7,725.00	7,757.69	32.69
C.R.P. reimbursement	225,000.00	185,550.00	218,501.80	32,951.80
Victims' rights	16,000.00	21,000.00	16,000.00	(5,000.00)
Cigarette tax	25,100.00	17,000.00	17,004.00	4.00
Convention facility tax	63,000.00	62,225.00	62,249.00	24.00
State revenue sharing	520,000.00	479,150.00	467,330.00	(11,820.00)
Township liquor license	9,900.00	10,625.00	10,648.55	23.55
State payment on inventory	42,700.00	41,275.00	41,286.87	11.87
State survey/remonumentation	36,300.00	37,975.00	36,281.00	(1,694.00)
Investment income	110,000.00	95,700.00	103,490.03	7,790.03
Rents and leases	14,000.00	11,850.00	11,851.57	1.57
Reimbursements - refunds	114,000.00	126,175.00	119,214.69	(6,960.31)
Friend of the court - incentive programs	27,300.00	38,875.00	36,846.49	(2,028.51)
Other treasurer's fees	2,500.00	4,750.00	4,992.09	242.09
Sheriff's department	8,000.00	29,000.00	23,318.61	(5,681.39)
School liaison officer	43,000.00	41,425.00	29,852.42	(11,572.58)
S.S.C.E.N.T. program	25,775.00	30,150.00	37,000.00	6,850.00
Drain commissioner	25,000.00	19,050.00	23,421.28	4,371.28
Animal control	64,000.00	68,200.00	74,083.67	5,883.67
Zoning department	30,000.00	26,800.00	27,322.00	522.00
TOTAL REVENUES	\$ 8,177,000.00	\$ 8,282,000.00	\$ 8,310,683.27	\$ 28,683.27

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Animal control	\$ 99,725.00	\$ 101,000.00	\$ 100,298.53	\$ 701.47
Audit	12,500.00	11,050.00	11,042.35	7.65
Board of commissioners	134,000.00	135,000.00	131,490.60	3,509.40
Circuit court	275,000.00	241,400.00	238,314.46	3,085.54
Circuit court appointed attorney	91,000.00	83,200.00	81,282.05	1,917.95
Contingency	78,825.00	0.00	0.00	0.00
Contagious disease	4,000.00	1,500.00	1,864.85	(364.85)
County administrator	144,000.00	139,500.00	136,213.94	3,286.06
County maintenance	105,500.00	81,100.00	81,423.19	(323.19)
Copy machine	25,000.00	26,000.00	26,080.32	(80.32)
County clerk's office	271,000.00	263,500.00	261,095.13	2,404.87
County Plat Board	275.00	50.00	0.00	50.00
Courthouse maintenance	111,000.00	105,600.00	102,407.75	3,192.25
Department of public works	24,500.00	22,800.00	22,633.86	166.14
District court	392,000.00	373,200.00	370,665.41	2,534.59
District court appointed attorney	32,275.00	33,700.00	34,747.31	(1,047.31)
Department of corrections	9,200.00	7,900.00	7,503.09	396.91
Drain commissioner	189,000.00	186,600.00	184,401.35	2,198.65
Drains at large	15,000.00	11,000.00	9,212.11	1,787.89
Emergency planning	32,500.00	25,500.00	24,537.06	962.94
Employee Benefits	5,250.00	0.00	0.00	0.00
Extension office	152,000.00	147,000.00	146,751.07	248.93
Election and board of canvassers	20,000.00	14,000.00	7,202.69	6,797.31
Equalization department	260,000.00	252,000.00	247,799.29	4,200.71
Family counseling service	4,000.00	500.00	0.00	500.00
Health department cigarette tax	18,575.00	12,025.00	12,003.12	21.88
Insurance and surety	4,500.00	3,275.00	2,040.62	1,234.38
Jury commission	6,000.00	4,800.00	4,726.52	73.48
Medical examiner	20,000.00	23,000.00	22,195.00	805.00
Parks and recreation	1,000.00	300.00	0.00	300.00
Planning commission	4,100.00	4,050.00	3,963.79	86.21
Probate and juvenile	394,000.00	359,200.00	358,401.85	798.15
Prosecutor's office	346,000.00	337,300.00	335,549.18	1,750.82
Regional planning	7,650.00	7,650.00	7,633.98	16.02
Register of deeds	162,000.00	160,100.00	158,457.67	1,642.33
Remonumentation	36,300.00	36,300.00	33,680.38	2,619.62
Service building	77,000.00	51,100.00	48,904.08	2,195.92
Sheriff emergency response team	10,000.00	7,900.00	6,654.96	1,245.04
Sheriff road patrol	1,072,000.00	1,076,000.00	1,068,385.34	7,614.66
Sheriff - marine safety	54,300.00	48,500.00	47,051.70	1,448.30
Sheriff - school liaison officer	65,500.00	38,000.00	36,826.05	1,173.95
Sheriff's secondary road patrol	101,000.00	99,000.00	98,180.40	819.60
Sheriff - S.S.C.E.N.T. program	74,500.00	63,500.00	61,470.17	2,029.83

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

		AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Tax allocation boards	\$ 1,000.00	\$ 700.00	\$ 678.21	\$ 21.79
Treasurer's office	226,500.00	231,100.00	229,421.87	1,678.13
Veterans' burial	11,000.00	8,400.00	6,625.00	1,775.00
Zoning department	119,500.00	112,550.00	110,830.48	1,719.52
R.C. & D. Planning	200.00	100.00	0.00	100.00
Mason - lake soil conservation	9,000.00	9,000.00	9,000.00	0.00
District Health Dept. #10	148,274.00	148,275.00	148,274.04	0.96
Mental health authority	139,750.00	139,751.00	139,750.44	0.56
Child and family services	<u>2,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>0.00</u>
TOTAL EXPENDITURES BEFORE OTHER FINANCING SOURCES	<u>5,599,199.00</u>	<u>5,245,976.00</u>	<u>5,178,671.26</u>	<u>67,304.74</u>
OTHER FINANCING SOURCES				
Transfers out	<u>2,577,801.00</u>	<u>3,054,024.00</u>	<u>3,036,261.65</u>	<u>17,762.35</u>
TOTAL EXPENDITURES AFTER OTHER FINANCING SOURCES	<u>\$ 8,177,000.00</u>	<u>\$ 8,300,000.00</u>	<u>\$ 8,214,932.91</u>	<u>\$ 85,070.09</u>

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.

Special Revenue Funds in Mason County are the Friend of the Court, Senior Citizens, Courthouse Preservation, Community Corrections, Solid Waste Management Plan, County Law Library, District Library, Community Development Block Grant, Social Welfare, Medical Care Facility, Jail Operations, Child Care, Soldiers' and Sailors' Relief, Victims' Assistance, Drug Law Enforcement, Veterans' Trust, Economic Development, Justice Training, Budget Stabilization, DARE Program, Spay/Neuter Deposit Forfeiture, Building Department, MSU Extension Grants, Link Michigan Grant, Emergency Management Grant, Register of Deeds Automation, Building Authority Operations, Landfill Perpetual Care, Medical Care Facility Employee Benefits and Vacation and Sick Pay Trust.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
ASSETS				
Cash and cash equivalents	\$ 0.00	\$ 11,726.37	\$ 985.72	\$ 11,131.12
Investments	0.00	0.00	18,949.38	0.00
Taxes receivable	228,879.00	0.00	0.00	0.00
Accounts receivable	148.79	0.00	0.00	0.00
Interest receivable	0.00	0.00	33.96	0.00
Prepaid items	1,165.50	3,527.90	0.00	0.00
Due from state	0.00	4,938.37	0.00	0.00
Due from other funds	64,936.23	107,432.02	0.00	0.00
TOTAL ASSETS	\$ 295,129.52	\$ 127,624.66	\$ 19,969.06	\$ 11,131.12
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 6,009.37	\$ 0.00	\$ 0.00
Due to individuals	0.00	11,726.37	0.00	3,675.00
Accrued expenses	0.00	6,145.97	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	0.00	23,881.71	0.00	3,675.00
DEFERRED REVENUE	228,879.00	0.00	0.00	0.00
FUND BALANCE				
Reserved for prepaid items	1,165.50	3,527.90	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	65,085.02	100,215.05	19,969.06	7,456.12
TOTAL FUND BALANCE	66,250.52	103,742.95	19,969.06	7,456.12
TOTAL LIABILITIES AND FUND BALANCE	\$ 295,129.52	\$ 127,624.66	\$ 19,969.06	\$ 11,131.12

ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT	COURTHOUSE PRESERVATION	REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION
\$ 0.00	\$ 0.00	\$ 1,676.81	\$ 31,733.40	\$ 27,715.85
15,539.26	0.00	0.00	0.00	873,120.08
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
2.68	0.00	1.26	24.71	12,925.91
26.40	1,972.57	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
50,103.79	165,044.44	0.00	0.00	0.00
<u>\$ 65,672.13</u>	<u>\$ 167,017.01</u>	<u>\$ 1,678.07</u>	<u>\$ 31,758.11</u>	<u>\$ 913,761.84</u>
\$ 289.61	\$ 27,281.90	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
1,961.13	1,631.86	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>2,250.74</u>	<u>28,913.76</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
26.40	1,972.57	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
63,394.99	136,130.68	1,678.07	31,758.11	913,761.84
<u>63,421.39</u>	<u>138,103.25</u>	<u>1,678.07</u>	<u>31,758.11</u>	<u>913,761.84</u>
<u>\$ 65,672.13</u>	<u>\$ 167,017.01</u>	<u>\$ 1,678.07</u>	<u>\$ 31,758.11</u>	<u>\$ 913,761.84</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2003

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
ASSETS				
Cash and cash equivalents	\$ 100.00	\$ 340.93	\$ 13,535.90	\$ 77,326.26
Investments	0.00	0.00	0.00	0.00
Taxes receivable	0.00	0.00	0.00	0.00
Accounts receivable	455.00	0.00	0.00	11,073.13
Interest receivable	0.00	0.00	0.00	46.45
Prepaid items	207.50	0.00	0.00	0.00
Due from state	9,814.94	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$ 10,577.44	\$ 340.93	\$ 13,535.90	\$ 88,445.84
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 617.48	\$ 0.00	\$ 0.00	\$ 0.00
Due to individuals	0.00	0.00	0.00	0.00
Accrued expenses	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	3,395.25	0.00	0.00	0.00
TOTAL LIABILITIES	4,012.73	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00
FUND BALANCE				
Reserved for prepaid items	207.50	0.00	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	6,357.21	340.93	13,535.90	88,445.84
TOTAL FUND BALANCE	6,564.71	340.93	13,535.90	88,445.84
TOTAL LIABILITIES AND FUND BALANCE	\$ 10,577.44	\$ 340.93	\$ 13,535.90	\$ 88,445.84

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	LINK MICHIGAN GRANT	EMERGENCY MANAGEMENT GRANT
\$ 336,105.54	\$ 957.38	\$ 75,098.37	\$ 0.00	\$ 14,907.37	\$ 0.00
0.00	0.00	88,404.81	0.00	0.00	0.00
895,507.81	0.00	571,519.61	0.00	0.00	0.00
582.23	0.00	371.61	4,068.00	0.00	0.00
377.46	0.00	275.34	0.00	11.11	0.00
15,713.70	0.00	7,024.25	0.00	0.00	0.00
36,000.29	0.00	0.00	0.00	0.00	35,567.07
50,628.86	875.00	39,843.59	0.00	0.00	0.00
<u>\$ 1,334,915.89</u>	<u>\$ 1,832.38</u>	<u>\$ 782,537.58</u>	<u>\$ 4,068.00</u>	<u>\$ 14,918.48</u>	<u>\$ 35,567.07</u>
\$ 15,723.91	\$ 710.49	\$ 16,304.99	\$ 52.25	\$ 0.00	\$ 22,924.91
15,746.18	0.00	0.00	0.00	0.00	0.00
26,001.24	0.00	7,471.08	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	6,142.16
<u>57,471.33</u>	<u>710.49</u>	<u>23,776.07</u>	<u>52.25</u>	<u>0.00</u>	<u>29,067.07</u>
<u>895,507.81</u>	<u>0.00</u>	<u>571,519.61</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
15,713.70	0.00	7,024.25	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
<u>366,223.05</u>	<u>1,121.89</u>	<u>180,217.65</u>	<u>4,015.75</u>	<u>14,918.48</u>	<u>6,500.00</u>
<u>381,936.75</u>	<u>1,121.89</u>	<u>187,241.90</u>	<u>4,015.75</u>	<u>14,918.48</u>	<u>6,500.00</u>
<u>\$ 1,334,915.89</u>	<u>\$ 1,832.38</u>	<u>\$ 782,537.58</u>	<u>\$ 4,068.00</u>	<u>\$ 14,918.48</u>	<u>\$ 35,567.07</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2003

	MSU EXTENSION GRANTS	JUSTICE TRAINING	SOCIAL WELFARE	MEDICAL CARE FACILITY
ASSETS				
Cash and cash equivalents	\$ 0.00	\$ 5,331.89	\$ 50,519.79	\$ 1,221,144.16
Investments	0.00	0.00	0.00	84,232.33
Taxes receivable	0.00	0.00	0.00	1,001,259.29
Accounts receivable	0.00	0.00	0.00	112,377.71
Interest receivable	0.00	0.00	0.00	2,229.77
Prepaid items	0.00	0.00	0.00	0.00
Due from state	0.00	0.00	0.00	0.00
Due from other funds	0.00	0.00	66,000.00	50,549.55
TOTAL ASSETS	\$ 0.00	\$ 5,331.89	\$ 116,519.79	\$ 2,471,792.81
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 1,339.55	\$ 0.00	\$ 152,329.06
Due to individuals	0.00	0.00	0.00	14,866.98
Accrued expenses	0.00	0.00	0.00	190,270.55
Due to state	0.00	0.00	81,000.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	0.00	1,339.55	81,000.00	357,466.59
DEFERRED REVENUE	0.00	0.00	0.00	1,001,259.29
FUND BALANCE				
Reserved for prepaid items	0.00	0.00	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	0.00	3,992.34	35,519.79	1,113,066.93
TOTAL FUND BALANCE	0.00	3,992.34	35,519.79	1,113,066.93
TOTAL LIABILITIES AND FUND BALANCE	\$ 0.00	\$ 5,331.89	\$ 116,519.79	\$ 2,471,792.81

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS
\$ 0.00	\$ 7,235.21	\$ 289.04	\$ 77,587.39
0.00	0.00	0.00	0.00
0.00	3,433.19	0.00	0.00
0.00	2.23	0.00	0.00
0.00	0.00	0.00	110.82
846.99	0.00	0.00	0.00
53,449.32	0.00	0.00	5,181.03
292,720.85	0.00	0.00	0.00
<u>\$ 347,017.16</u>	<u>\$ 10,670.63</u>	<u>\$ 289.04</u>	<u>\$ 82,879.24</u>
\$ 21,562.63	\$ 0.00	\$ 0.00	\$ 115.00
0.00	0.00	0.00	0.00
2,708.24	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>24,270.87</u>	<u>0.00</u>	<u>0.00</u>	<u>115.00</u>
<u>0.00</u>	<u>3,433.19</u>	<u>0.00</u>	<u>0.00</u>
846.99	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
321,899.30	7,237.44	289.04	82,764.24
<u>322,746.29</u>	<u>7,237.44</u>	<u>289.04</u>	<u>82,764.24</u>
<u>\$ 347,017.16</u>	<u>\$ 10,670.63</u>	<u>\$ 289.04</u>	<u>\$ 82,879.24</u>

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MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
DECEMBER 31, 2003

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION & SICK PAY TRUST	TOTAL
ASSETS				
Cash and cash equivalents	\$ 716,435.78	\$ 80,124.34	\$ 245,031.57	\$ 3,007,040.19
Investments	1,125,661.74	0.00	239,013.26	2,444,920.86
Taxes receivable	0.00	0.00	0.00	2,700,598.90
Accounts receivable	0.00	0.00	0.00	129,078.70
Interest receivable	4,671.12	62.52	2,421.58	23,194.69
Prepaid items	0.00	0.00	0.00	30,484.81
Due from state	0.00	0.00	0.00	144,951.02
Due from other funds	0.00	0.00	0.00	888,134.33
TOTAL ASSETS	\$ 1,846,768.64	\$ 80,186.86	\$ 486,466.41	\$ 9,368,403.50
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 2,118.01	\$ 0.00	\$ 0.00	\$ 267,379.16
Due to individuals	0.00	0.00	0.00	46,014.53
Accrued expenses	0.00	0.00	0.00	236,190.07
Due to state	0.00	0.00	0.00	81,000.00
Due to other funds	0.00	0.00	0.00	9,537.41
TOTAL LIABILITIES	2,118.01	0.00	0.00	640,121.17
DEFERRED REVENUE	0.00	0.00	0.00	2,700,598.90
FUND BALANCE				
Reserved for prepaid items	0.00	0.00	0.00	30,484.81
Reserved for perpetual care	1,844,650.63	0.00	0.00	1,844,650.63
Reserved for payment of accumulated vacation and sick pay	0.00	80,186.86	486,466.41	566,653.27
Undesignated	0.00	0.00	0.00	3,585,894.72
TOTAL FUND BALANCE	1,844,650.63	80,186.86	486,466.41	6,027,683.43
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,846,768.64	\$ 80,186.86	\$ 486,466.41	\$ 9,368,403.50

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
REVENUES				
Taxes	\$ 216,745.16	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	779.84	12,997.54	0.00	0.00
Contribution from local units	0.00	0.00	0.00	0.00
Charges for services	0.00	5,161.13	0.00	0.00
Interest and rents	0.00	0.00	751.65	0.00
Fines and forfeits	0.00	0.00	0.00	1,900.00
Other	83.85	0.00	0.00	0.00
TOTAL REVENUE	217,608.85	18,158.67	751.65	1,900.00
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	0.00	0.00
Health and welfare	205,952.47	0.00	0.00	2,921.06
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	0.00	329,711.85	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
Capital outlay	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	205,952.47	329,711.85	0.00	2,921.06
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,656.38	(311,553.18)	751.65	(1,021.06)
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	318,000.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	318,000.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	11,656.38	6,446.82	751.65	(1,021.06)
FUND BALANCE, JANUARY 1	54,594.14	97,296.13	19,217.41	8,477.18
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 66,250.52	\$ 103,742.95	\$ 19,969.06	\$ 7,456.12

ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT	COURTHOUSE PRESERVATION	REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION
\$ 1,388.95	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
21,500.00	0.00	0.00	0.00	0.00
15,140.00	333,062.06	0.00	41,470.00	0.00
263.91	0.00	43.41	147.11	31,169.04
0.00	0.00	33,335.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>38,292.86</u>	<u>333,062.06</u>	<u>33,378.41</u>	<u>41,617.11</u>	<u>31,169.04</u>
118,668.38	296,427.79	0.00	9,859.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>118,668.38</u>	<u>296,427.79</u>	<u>0.00</u>	<u>9,859.00</u>	<u>0.00</u>
<u>(80,375.52)</u>	<u>36,634.27</u>	<u>33,378.41</u>	<u>31,758.11</u>	<u>31,169.04</u>
96,550.00	0.00	0.00	0.00	17,000.00
0.00	0.00	(36,000.00)	0.00	0.00
<u>96,550.00</u>	<u>0.00</u>	<u>(36,000.00)</u>	<u>0.00</u>	<u>17,000.00</u>
16,174.48	36,634.27	(2,621.59)	31,758.11	48,169.04
47,246.91	101,468.98	4,299.66	0.00	865,592.80
0.00	0.00	0.00	0.00	0.00
<u>\$ 63,421.39</u>	<u>\$ 138,103.25</u>	<u>\$ 1,678.07</u>	<u>\$ 31,758.11</u>	<u>\$ 913,761.84</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
REVENUES				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	56,961.45	0.00	0.00	0.00
Contribution from local units	0.00	0.00	0.00	0.00
Charges for services	0.00	0.00	0.00	0.00
Interest and rents	0.00	0.00	0.00	869.96
Fines and forfeits	0.00	0.00	0.00	51,676.81
Other	1,561.50	0.00	470.00	9,419.19
TOTAL REVENUE	58,522.95	0.00	470.00	61,965.96
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	173.60	48,861.89
Health and welfare	0.00	0.00	0.00	0.00
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	56,705.65	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
Capital outlay	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	56,705.65	0.00	173.60	48,861.89
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,817.30	0.00	296.40	13,104.07
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,817.30	0.00	296.40	13,104.07
FUND BALANCE, JANUARY 1	4,747.41	340.93	13,239.50	75,341.77
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 6,564.71	\$ 340.93	\$ 13,535.90	\$ 88,445.84

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	LINK MICHIGAN GRANT	EMERGENCY MANAGEMENT GRANT
\$ 848,065.14	\$ 0.00	\$ 541,235.67	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	33,864.00	48,371.10	94,208.75
0.00	0.00	7,679.38	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
308,217.64	0.00	8,194.41	0.00	0.00	0.00
4,189.71	0.00	19,255.42	0.00	221.50	0.00
0.00	3,500.00	169,223.88	0.00	0.00	0.00
4,108.14	0.00	43,186.62	4,068.00	0.00	0.00
<u>1,164,580.63</u>	<u>3,500.00</u>	<u>788,775.38</u>	<u>37,932.00</u>	<u>48,592.60</u>	<u>94,208.75</u>
0.00	0.00	0.00	0.00	55,508.06	0.00
2,044,242.72	0.00	0.00	0.00	0.00	88,708.75
0.00	0.00	0.00	33,916.25	0.00	0.00
0.00	0.00	732,212.01	0.00	0.00	0.00
0.00	11,825.96	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
<u>2,044,242.72</u>	<u>11,825.96</u>	<u>732,212.01</u>	<u>33,916.25</u>	<u>55,508.06</u>	<u>88,708.75</u>
(879,662.09)	(8,325.96)	56,563.37	4,015.75	(6,915.46)	5,500.00
1,000,000.00	9,000.00	0.00	0.00	0.00	1,000.00
<u>(114,911.17)</u>	<u>0.00</u>	<u>(26,493.56)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>885,088.83</u>	<u>9,000.00</u>	<u>(26,493.56)</u>	<u>0.00</u>	<u>0.00</u>	<u>1,000.00</u>
5,426.74	674.04	30,069.81	4,015.75	(6,915.46)	6,500.00
376,510.01	447.85	157,172.09	0.00	21,833.94	0.00
0.00	0.00	0.00	0.00	0.00	0.00
<u>\$ 381,936.75</u>	<u>\$ 1,121.89</u>	<u>\$ 187,241.90</u>	<u>\$ 4,015.75</u>	<u>\$ 14,918.48</u>	<u>\$ 6,500.00</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	MSU EXTENSION GRANTS	JUSTICE TRAINING	SOCIAL WELFARE	MEDICAL CARE FACILITY
REVENUES				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 977,692.17
Federal grants	0.00	0.00	0.00	0.00
State grants	0.00	4,558.26	111,283.96	7,794.44
Contribution from local units	0.00	0.00	0.00	0.00
Charges for services	0.00	0.00	10,983.50	5,197,406.14
Interest and rents	0.00	0.00	0.00	17,957.84
Fines and forfeits	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	6,326,976.60
TOTAL REVENUE	0.00	4,558.26	122,267.46	12,527,827.19
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	5,000.00	0.00	0.00
Health and welfare	0.00	0.00	111,255.72	12,319,053.42
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
Capital outlay	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	0.00	5,000.00	111,255.72	12,319,053.42
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0.00	(441.74)	11,011.74	208,773.77
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	23,200.00	0.00
Transfers out	(17,762.35)	0.00	0.00	(118,000.00)
TOTAL OTHER FINANCING SOURCES (USES)	(17,762.35)	0.00	23,200.00	(118,000.00)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(17,762.35)	(441.74)	34,211.74	90,773.77
FUND BALANCE, JANUARY 1	17,105.06	4,434.08	2,134.05	1,022,293.16
PRIOR PERIOD ADJUSTMENTS	657.29	0.00	(826.00)	0.00
FUND BALANCE, DECEMBER 31	\$ 0.00	\$ 3,992.34	\$ 35,519.79	\$ 1,113,066.93

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS
\$ 0.00	\$ 3,237.89	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00
211,808.76	24.05	3,768.00	0.00
0.00	0.00	0.00	0.00
88,394.59	0.00	0.00	0.00
0.00	0.00	0.00	332,462.73
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>300,203.35</u>	<u>3,261.94</u>	<u>3,768.00</u>	<u>332,462.73</u>
0.00	0.00	0.00	538,846.53
0.00	0.00	0.00	0.00
485,319.68	2,199.56	4,826.86	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>485,319.68</u>	<u>2,199.56</u>	<u>4,826.86</u>	<u>538,846.53</u>
(185,116.33)	1,062.38	(1,058.86)	(206,383.80)
230,200.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>230,200.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
45,083.67	1,062.38	(1,058.86)	(206,383.80)
277,662.62	6,175.06	1,347.90	290,742.30
0.00	0.00	0.00	(1,594.26)
<u>\$ 322,746.29</u>	<u>\$ 7,237.44</u>	<u>\$ 289.04</u>	<u>\$ 82,764.24</u>

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MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Concluded
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION AND SICK PAY	TOTAL
REVENUES				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,588,364.98
Federal grants	0.00	0.00	0.00	176,443.85
State grants	0.00	0.00	0.00	417,655.68
Contribution from local units	0.00	0.00	0.00	21,500.00
Charges for services	0.00	0.00	0.00	6,008,029.47
Interest and rents	42,937.82	186.86	11,341.91	461,798.87
Fines and forfeits	0.00	0.00	0.00	259,635.69
Other	11,311.08	0.00	0.00	6,401,184.98
TOTAL REVENUE	54,248.90	186.86	11,341.91	16,334,613.52
EXPENDITURES				
General government	0.00	0.00	0.00	1,019,309.76
Public safety	0.00	0.00	0.00	2,186,986.96
Health and welfare	0.00	0.00	0.00	13,165,445.02
Cultural and recreational	0.00	0.00	0.00	732,212.01
Judicial	0.00	0.00	0.00	398,243.46
Employee Benefits	0.00	0.00	22,812.33	22,812.33
Landfill perpetual care	57,201.58	0.00	0.00	57,201.58
Trust paying agent fees	1,674.88	0.00	0.00	1,674.88
Capital outlay	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	58,876.46	0.00	22,812.33	17,583,886.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,627.56)	186.86	(11,470.42)	(1,249,272.48)
OTHER FINANCING SOURCES (USES)				
Transfers in	58,000.00	80,000.00	60,000.00	1,892,950.00
Transfers out	0.00	0.00	0.00	(313,167.08)
TOTAL OTHER FINANCING SOURCES (USES)	58,000.00	80,000.00	60,000.00	1,579,782.92
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	53,372.44	80,186.86	48,529.58	330,510.44
FUND BALANCE, JANUARY 1	1,791,278.19	0.00	437,936.83	5,698,935.96
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	(1,762.97)
FUND BALANCE, DECEMBER 31	\$ 1,844,650.63	\$ 80,186.86	\$ 486,466.41	\$ 6,027,683.43

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DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt other than that payable exclusively from revenue bonds issued for and serviced by a governmental enterprise.

The County's Debt Service Funds are legal in nature. They are established in accordance with statutes and/or bond indentures. Their use enhances the attractiveness of bonds to prospective buyers resulting, possibly, in a lower rate of interest. Inclusion of a debt service fund provision in the indenture indicates to the buyer that the timing of the acquisition of assets with which to satisfy maturing debt has been formalized and that a sophisticated administrative approach to servicing the debt will be followed.

The County's Debt Service Funds include the 911 Center, District Library and Building Authority Funds.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2003**

	911 CENTER	BUILDING AUTHORITY JAIL
ASSETS		
Cash equivalents	\$ 5,602.28	\$ 93,214.67
Investments	0.00	150,152.24
Interest receivable	4.17	201.20
TOTAL ASSETS	<u>\$ 5,606.45</u>	<u>\$ 243,568.11</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 0.00	\$ 320.83
TOTAL LIABILITIES	<u>0.00</u>	<u>320.83</u>
FUND BALANCE		
Undesignated	<u>5,606.45</u>	<u>243,247.28</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,606.45</u>	<u>\$ 243,568.11</u>

BUILDING AUTHORITY FIA	DISTRICT LIBRARY	TOTALS
\$ 0.00	\$ 0.00	\$ 98,816.95
0.00	0.00	150,152.24
<u>0.00</u>	<u>0.00</u>	<u>205.37</u>
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>249,174.56</u>
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>320.83</u>
<u>0.00</u>	<u>0.00</u>	<u>320.83</u>
<u>0.00</u>	<u>0.00</u>	<u>248,853.73</u>
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>249,174.56</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
DECEMBER 31, 2003

	911 CENTER	BUILDING AUTHORITY JAIL
REVENUES		
Interest	\$ 92.16	\$ 6,020.32
Rents and fees	<u>118,940.00</u>	<u>337,000.00</u>
TOTAL REVENUES	<u>119,032.16</u>	<u>343,020.32</u>
EXPENDITURES		
Principal	50,000.00	275,000.00
Interest	68,990.00	90,450.00
Paying agent fees	<u>550.00</u>	<u>350.00</u>
TOTAL EXPENDITURES	<u>119,540.00</u>	<u>365,800.00</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(507.84)</u>	<u>(22,779.68)</u>
OTHER FINANCING SOURCES		
Transfers in	<u>0.00</u>	<u>50,000.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(507.84)	27,220.32
FUND BALANCE, JANUARY 1	<u>6,114.29</u>	<u>216,026.96</u>
FUND BALANCE, DECEMBER 31	<u>\$ 5,606.45</u>	<u>\$ 243,247.28</u>

BUILDING AUTHORITY FIA	DISTRICT LIBRARY	TOTALS
\$ 472,623.26	\$ 0.00	\$ 478,735.74
<u>1,187.07</u>	<u>0.00</u>	<u>457,127.07</u>
<u>473,810.33</u>	<u>0.00</u>	<u>935,862.81</u>
1,450,000.00	4,822.39	1,779,822.39
83,143.88	4,678.85	247,262.73
<u>350.00</u>	<u>0.00</u>	<u>1,250.00</u>
<u>1,533,493.88</u>	<u>9,501.24</u>	<u>2,028,335.12</u>
<u>(1,059,683.55)</u>	<u>(9,501.24)</u>	<u>(1,092,472.31)</u>
<u>1,000,000.00</u>	<u>9,501.24</u>	<u>1,059,501.24</u>
(59,683.55)	0.00	(32,971.07)
<u>59,683.55</u>	<u>0.00</u>	<u>281,824.80</u>
\$ <u><u>0.00</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>248,853.73</u></u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to certain purposes are used only for those purposes and further enables them to report to creditors, and other grantors of Capital Projects Fund revenue, that their requirements regarding the use of the revenue were fully satisfied.

In this category, Mason County administers the transactions of the Building Authority – Jail Construction Fund, Equipment Replacement Fund, Park Improvement Fund, Public Improvement Fund, District Library Improvement Fund, Ice Arena Construction Fund, 911 Construction Fund and Medical Care Facility Improvement Fund.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2003

	EQUIPMENT REPLACEMENT	PARK IMPROVEMENT	ICE ARENA CONSTRUCTION	911 CONSTRUCTON
ASSETS				
Cash and cash equivalents	\$ 403,057.44	\$ 11,865.81	\$ 0.00	\$ 29,841.46
Investments	612,634.34	10,275.05	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Long-term advance to other funds	0.00	0.00	0.00	0.00
Due from state	3,705.00	0.00	0.00	0.00
Due from other units	0.00	0.00	91,727.75	0.00
Interest receivable	11,317.46	8.89	0.00	22.24
TOTAL ASSETS	\$ 1,030,714.24	\$ 22,149.75	\$ 91,727.75	\$ 29,863.70
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Due to other funds	0.00	0.00	91,727.75	0.00
TOTAL LIABILITIES	0.00	0.00	91,727.75	0.00
FUND BALANCE				
Reserved for advances				
Undesignated	1,030,714.24	22,149.75	0.00	29,863.70
TOTAL FUND BALANCE	1,030,714.24	22,149.75	0.00	29,863.70
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,030,714.24	\$ 22,149.75	\$ 91,727.75	\$ 29,863.70

JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	DIST. LIBRARY IMPROVEMENT	M.C.F. IMPROVEMENT	TOTAL
\$ 349,211.37	\$ 396,345.63	\$ 46,054.04	\$ 179,692.69	\$ 1,416,068.44
265,592.21	501,887.39	56,719.74	605,242.97	2,052,351.70
0.00	5,333.33	0.00	0.00	5,333.33
0.00	8,692.63	0.00	0.00	8,692.63
0.00	0.00	0.00	0.00	3,705.00
0.00	0.00	0.00	0.00	91,727.75
3,330.25	14,665.87	601.27	6,315.85	36,261.83
<u>\$ 618,133.83</u>	<u>\$ 926,924.85</u>	<u>\$ 103,375.05</u>	<u>\$ 791,251.51</u>	<u>\$ 3,614,140.68</u>
\$ 0.00	\$ 28,740.82	\$ 450.00	\$ 0.00	\$ 29,190.82
0.00	0.00	0.00	0.00	91,727.75
0.00	28,740.82	450.00	0.00	120,918.57
618,133.83	8,692.63	102,925.05	791,251.51	8,692.63
618,133.83	889,491.40	102,925.05	791,251.51	3,484,529.48
618,133.83	898,184.03	102,925.05	791,251.51	3,493,222.11
<u>\$ 618,133.83</u>	<u>\$ 926,924.85</u>	<u>\$ 103,375.05</u>	<u>\$ 791,251.51</u>	<u>\$ 3,614,140.68</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2003

	EQUIPMENT REPLACEMENT	PARK IMPROVEMENT	ICE ARENA CONSTRUCTION	911 CONSTRUCTION
REVENUES				
Federal and state grants	\$ 9,955.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest	25,769.18	305.76	0.00	15,407.65
Rent	0.00	0.00	0.00	0.00
Other	6,963.99	10,474.80	7,579.50	0.00
TOTAL REVENUES	42,688.17	10,780.56	7,579.50	15,407.65
EXPENDITURES				
Capital outlay	247,880.74	4,732.52	7,579.50	1,221,499.06
TOTAL EXPENDITURES	247,880.74	4,732.52	7,579.50	1,221,499.06
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(205,192.57)	6,048.04	0.00	(1,206,091.41)
OTHER FINANCING SOURCES (USES)				
Transfers in	280,500.00	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	280,500.00	0.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	75,307.43	6,048.04	0.00	(1,206,091.41)
FUND BALANCE, JANUARY 1	955,406.81	16,101.71	0.00	1,235,955.11
FUND BALANCE, DECEMBER 31	\$ 1,030,714.24	\$ 22,149.75	\$ 0.00	\$ 29,863.70

JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	DIST. LIBRARY IMPROVEMENT	M.C.F. IMPROVEMENT	TOTAL
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 9,955.00
12,105.36	24,797.46	2,655.60	26,265.35	107,306.36
0.00	34,000.00	0.00	0.00	34,000.00
0.00	12,345.00	0.00	0.00	37,363.29
<u>12,105.36</u>	<u>71,142.46</u>	<u>2,655.60</u>	<u>26,265.35</u>	<u>188,624.65</u>
0.00	823,623.82	3,150.00	86,128.95	2,394,594.59
0.00	823,623.82	3,150.00	86,128.95	2,394,594.59
<u>12,105.36</u>	<u>(752,481.36)</u>	<u>(494.40)</u>	<u>(59,863.60)</u>	<u>(2,205,969.94)</u>
80,000.00	724,024.00	16,992.32	60,000.00	1,161,516.32
0.00	0.00	0.00	(40,000.00)	(40,000.00)
<u>80,000.00</u>	<u>724,024.00</u>	<u>16,992.32</u>	<u>20,000.00</u>	<u>1,121,516.32</u>
92,105.36	(28,457.36)	16,497.92	(39,863.60)	(1,084,453.62)
<u>526,028.47</u>	<u>926,641.39</u>	<u>86,427.13</u>	<u>831,115.11</u>	<u>4,577,675.73</u>
\$ <u><u>618,133.83</u></u>	\$ <u><u>898,184.03</u></u>	\$ <u><u>102,925.05</u></u>	\$ <u><u>791,251.51</u></u>	\$ <u><u>3,493,222.11</u></u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the County. Since the services and commodities are supplied exclusively to programs under the County's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue and enterprise funds.

The County's Workers' Compensation Insurance, Self-Insurance Health Fund, Self-Insurance Liability Fund, Medical Care Facility Insurance Fund, Medical Care Facility Disability Insurance Fund, Computer Network Fund and the DPW Revolving Equipment Fund are operated as Internal Service Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2003

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
ASSETS			
Cash	\$ 13,459.43	\$ 51,702.39	\$ 231,297.38
Investments	0.00	27,537.70	266,357.11
Due from other funds	0.00	0.00	50,568.94
Due from state	1,500.00	0.00	0.00
Prepaid items	0.00	0.00	0.00
Deposits	0.00	0.00	0.00
Vehicles - net	0.00	63,547.38	0.00
Interest receivable	10.23	45.26	1,390.86
TOTAL ASSETS	\$ 14,969.66	\$ 142,832.73	\$ 549,614.29
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 337.50	\$ 60.26	\$ 1,877.51
Accrued expenses	0.00	0.00	45,514.00
TOTAL LIABILITIES	337.50	60.26	47,391.51
FUND EQUITY			
Reserved for employee benefits	0.00	0.00	502,222.78
Retained earnings	14,632.16	142,772.47	0.00
TOTAL FUND EQUITY	14,632.16	142,772.47	502,222.78
TOTAL LIABILITIES AND FUND EQUITY	\$ 14,969.66	\$ 142,832.73	\$ 549,614.29

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
OPERATING REVENUES			
Interest and fees	\$ 81.55	\$ 1,819.24	\$ 11,450.75
Reimbursements	31,998.00	0.00	47,115.00
Equipment rental	0.00	10,136.36	0.00
TOTAL OPERATING REVENUES	32,079.55	11,955.60	58,565.75
EXPENSES			
Claims and benefits	0.00	0.00	32,243.32
Repairs and maintenance	19,764.83	7,304.58	0.00
TOTAL OPERATING EXPENSES	19,764.83	7,304.58	32,243.32
OPERATING INCOME (LOSS)	12,314.72	4,651.02	26,322.43
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00
NET INCOME (LOSS)	12,314.72	4,651.02	26,322.43
RETAINED EARNINGS, JANUARY 1	2,317.44	139,086.02	475,900.35
PRIOR PERIOD ADJUSTMENT	0.00	(964.57)	0.00
RETAINED EARNINGS, DECEMBER 31	\$ 14,632.16	\$ 142,772.47	\$ 502,222.78

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ 32,859.86	\$ 32,205.38	\$ 10,583.70	\$ 2,502.34	\$ 91,502.82
14,793.47	0.00	107,613.08	0.00	201,519.55
0.00	0.00	0.00	0.00	10,136.36
<u>47,653.33</u>	<u>32,205.38</u>	<u>118,196.78</u>	<u>2,502.34</u>	<u>303,158.73</u>
168,460.85	(22,096.48)	116,204.96	15,593.45	310,406.10
0.00	0.00	0.00	0.00	27,069.41
<u>168,460.85</u>	<u>(22,096.48)</u>	<u>116,204.96</u>	<u>15,593.45</u>	<u>337,475.51</u>
<u>(120,807.52)</u>	<u>54,301.86</u>	<u>1,991.82</u>	<u>(13,091.11)</u>	<u>(34,316.78)</u>
161,500.00	29,911.17	0.00	18,000.00	209,411.17
<u>161,500.00</u>	<u>29,911.17</u>	<u>0.00</u>	<u>18,000.00</u>	<u>209,411.17</u>
40,692.48	84,213.03	1,991.82	4,908.89	175,094.39
618,584.37	764,567.47	296,856.47	93,651.57	2,390,963.69
0.00	0.00	(61,861.00)	0.00	(62,825.57)
<u>\$ 659,276.85</u>	<u>\$ 848,780.50</u>	<u>\$ 236,987.29</u>	<u>\$ 98,560.46</u>	<u>\$ 2,503,232.51</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 12,314.72	\$ 4,651.02	\$ 26,322.43
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation	0.00	5,992.25	0.00
Prior period adjustment	0.00	(964.57)	0.00
(Increase) decrease in current assets			
Due from other funds	0.00	0.00	(50,568.94)
Accounts receivable/Due from state	(1,500.00)	0.00	0.00
Interest receivable	(7.64)	11.45	822.73
Prepaid items	0.00	0.00	0.00
Deposits	0.00	0.00	0.00
Increase (decrease) in current liabilities			
Accounts payable	337.50	(54.84)	285.28
Accrued expenses	0.00	0.00	(19,419.00)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>11,144.58</u>	<u>9,635.31</u>	<u>(42,557.50)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in investments	<u>0.00</u>	<u>(1,196.37)</u>	<u>(9,607.48)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,144.58	8,438.94	(52,164.98)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>2,314.85</u>	<u>43,263.45</u>	<u>283,462.36</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 13,459.43</u></u>	<u><u>\$ 51,702.39</u></u>	<u><u>\$ 231,297.38</u></u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ (120,807.52)	\$ 54,301.86	\$ 1,991.82	\$ (13,091.11)	\$ (34,316.78)
0.00	0.00	0.00	0.00	5,992.25
0.00	0.00	(61,861.00)	0.00	(62,825.57)
0.00	0.00	0.00	0.00	(50,568.94)
11,889.15	0.00	0.00	0.00	10,389.15
(1,713.16)	(16,129.23)	(1,462.70)	(23.27)	(18,501.82)
(42,611.00)	0.00	1,355.66	0.00	(41,255.34)
(3,716.69)	0.00	0.00	0.00	(3,716.69)
28.08	(2,752.19)	62,016.98	582.03	60,442.84
(13,998.44)	(117,056.00)	0.00	0.00	(150,473.44)
(170,929.58)	(81,635.56)	2,040.76	(12,532.35)	(284,834.34)
161,500.00	29,911.17	0.00	18,000.00	209,411.17
40,430.08	50,411.61	(8,906.38)	(1,593.94)	69,537.52
31,000.50	(1,312.78)	(6,865.62)	3,873.71	(5,885.65)
63,980.99	47,906.71	19,019.32	58,469.93	518,417.61
\$ 94,981.49	\$ 46,593.93	\$ 12,153.70	\$ 62,343.64	\$ 512,531.96

MASON COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

		CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$	518,417.61	\$ 0.00	\$ 518,417.61
NET DECREASE		<u>(5,885.65)</u>	<u>0.00</u>	<u>(5,885.65)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$	<u>512,531.96</u>	\$ <u>0.00</u>	\$ <u>512,531.96</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominately self-supporting by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the financial statements of Enterprise Funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

The County's Delinquent Tax Revolving Fund, the 2000, 2001, 2002 and 2003 Delinquent Tax Revolving Funds, Park Operation Fund, Airport Fund and the Public Works Operations and Maintenance Fund are operated as Enterprise Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2003

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
ASSETS				
Cash	\$ 20,948.58	\$ 572,135.63	\$ 37,178.04	\$ 160,569.43
Investments	0.00	313,642.53	107,196.11	470,015.10
Interest receivable	11.66	8,092.57	99.56	3,658.76
Accounts receivable	0.00	60.52	891.46	875.00
Deliquent taxes receivable	0.00	0.00	0.00	771,135.84
Fixed Assets - net	0.00	734,308.22	1,268,305.45	0.00
Leases receivable	0.00	4,061,137.82	0.00	0.00
Due from other units and individuals	0.00	320,126.01	0.00	2,590.75
Due from federal government	0.00	37,700.00	0.00	0.00
Prepaid items	186.67	64.50	5,611.52	0.00
TOTAL ASSETS	\$ 21,146.91	\$ 6,047,267.80	\$ 1,419,282.14	\$ 1,408,844.88
LIABILITIES AND RETAINED EARNINGS				
LIABILITIES				
Accounts payable	\$ 884.90	\$ 361,716.78	\$ 10,597.17	\$ 0.00
Due to other funds	0.00	168,742.08	0.00	0.00
Due to individuals	0.00	0.00	0.00	5,381.28
Due to state	0.00	0.00	0.00	11,474.63
Due to other units	0.00	0.00	0.00	5,068.35
Accrued payroll	0.00	0.00	951.67	0.00
Bonds payable	0.00	4,375,000.00	925,000.00	0.00
Advances from other funds	0.00	0.00	23,273.76	0.00
TOTAL LIABILITIES	884.90	4,905,458.86	959,822.60	21,924.26
RETAINED EARNINGS				
Unreserved	20,262.01	1,141,808.94	459,459.54	1,386,920.62
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 21,146.91	\$ 6,047,267.80	\$ 1,419,282.14	\$ 1,408,844.88

2000 DELINQUENT TAX	2001 DELINQUENT TAX	2002 DELINQUENT TAX	2003 DELINQUENT TAX	TOTAL
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 790,831.68
0.00	0.00	0.00	0.00	890,853.74
0.00	0.00	0.00	0.00	11,862.55
0.00	0.00	0.00	0.00	1,826.98
0.00	0.00	0.00	0.00	771,135.84
0.00	0.00	0.00	0.00	2,002,613.67
0.00	0.00	0.00	0.00	4,061,137.82
0.00	0.00	0.00	0.00	322,716.76
0.00	0.00	0.00	0.00	37,700.00
0.00	0.00	0.00	0.00	5,862.69
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,896,541.73</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 373,198.85
0.00	0.00	0.00	0.00	168,742.08
0.00	0.00	0.00	0.00	5,381.28
0.00	0.00	0.00	0.00	11,474.63
0.00	0.00	0.00	0.00	5,068.35
0.00	0.00	0.00	0.00	951.67
0.00	0.00	0.00	0.00	5,300,000.00
0.00	0.00	0.00	0.00	23,273.76
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,888,090.62</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,008,451.11</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,896,541.73</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
REVENUES				
Charges for services	\$ 30,448.00	\$ 74,795.88	\$ 15,773.80	\$ 0.00
Rentals	0.00	19,400.00	65,328.62	0.00
Reimbursements	0.00	342,032.09	22,983.11	0.00
Federal grants	0.00	2,765,400.00	0.00	0.00
Interest and other	21,771.92	19,823.38	5,667.06	103,328.68
TOTAL REVENUES	52,219.92	3,221,451.35	109,752.59	103,328.68
EXPENSES				
Salary and benefits	24,029.87	0.00	51,205.21	0.00
Interest and fees	0.00	0.00	0.00	6,617.07
Contracted services	1,872.04	2,688,563.72	93,287.39	0.00
Repairs and maintenance	3,947.79	0.00	18,172.53	0.00
Utilities and telephone	4,542.97	2,500.63	24,242.03	0.00
Other operating expenses	13,905.07	188,841.36	112,669.25	0.00
TOTAL EXPENSES	48,297.74	2,879,905.71	299,576.41	6,617.07
OPERATING INCOME (LOSS)	3,922.18	341,545.64	(189,823.82)	96,711.61
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	31,100.00	122,950.00	593,394.86
Transfers out	0.00	0.00	0.00	(1,088,333.39)
TOTAL OTHER FINANCING SOURCES (USES)	0.00	31,100.00	122,950.00	(494,938.53)
NET INCOME (LOSS)	3,922.18	372,645.64	(66,873.82)	(398,226.92)
RETAINED EARNINGS, JANUARY 1	16,339.83	331,556.20	345,016.55	1,785,147.54
PRIOR PERIOD ADJUSTMENTS	0.00	437,607.10	181,316.81	0.00
RETAINED EARNINGS, DECEMBER 31	\$ 20,262.01	\$ 1,141,808.94	\$ 459,459.54	\$ 1,386,920.62

2000 DELINQUENT TAX	2001 DELINQUENT TAX	2002 DELINQUENT TAX	2003 DELINQUENT TAX	TOTAL
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 121,017.68
0.00	0.00	0.00	0.00	84,728.62
0.00	0.00	0.00	0.00	365,015.20
0.00	0.00	0.00	0.00	2,765,400.00
33,169.00	88,044.43	115,947.59	16.00	387,768.06
<u>33,169.00</u>	<u>88,044.43</u>	<u>115,947.59</u>	<u>16.00</u>	<u>3,723,929.56</u>
0.00	0.00	0.00	0.00	75,235.08
0.00	0.00	0.00	0.00	6,617.07
0.00	0.00	0.00	0.00	2,783,723.15
0.00	0.00	0.00	0.00	22,120.32
0.00	0.00	0.00	0.00	31,285.63
0.00	1,836.14	0.00	0.00	317,251.82
<u>0.00</u>	<u>1,836.14</u>	<u>0.00</u>	<u>0.00</u>	<u>3,236,233.07</u>
<u>33,169.00</u>	<u>86,208.29</u>	<u>115,947.59</u>	<u>16.00</u>	<u>487,696.49</u>
0.00	0.00	333.39	0.00	747,778.25
<u>(257,307.83)</u>	<u>(219,735.91)</u>	<u>(116,335.12)</u>	<u>(16.00)</u>	<u>(1,681,728.25)</u>
(257,307.83)	(219,735.91)	(116,001.73)	(16.00)	(933,950.00)
(224,138.83)	(133,527.62)	(54.14)	0.00	(446,253.51)
224,138.81	133,527.60	54.14	0.00	2,835,780.67
<u>0.02</u>	<u>0.02</u>	<u>0.00</u>	<u>0.00</u>	<u>618,923.95</u>
\$ <u><u>0.00</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>3,008,451.11</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,922.18	\$ 341,545.64	\$ (189,823.82)	\$ 96,711.61
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation	0.00	17,161.06	51,157.81	0.00
(Increase) decrease in current assets				
Accounts receivable/Due from State	0.00	809.62	558.04	(875.00)
Deliquent taxes receivable	0.00	0.00	0.00	(729,493.93)
Interest receivable	1.09	(4,597.55)	66.34	(517.43)
Prepaid items	(16.00)	(6.00)	(71.08)	0.00
Advances to other funds	0.00	0.00	0.00	682,340.15
Due from other units	0.00	8,162.08	0.00	(2,530.85)
Due from federal government	0.00	(37,700.00)	0.00	0.00
Increase (decrease) in current liabilities				
Due to other funds	0.00	(159,546.01)	0.00	0.00
Due to state	0.00	0.00	0.00	11,474.63
Due to other units and individuals	0.00	0.00	0.00	(38,921.08)
Deposits payable	(100.00)	0.00	0.00	0.00
Accrued payroll	0.00	0.00	154.20	0.00
Accounts payable	(185.26)	311,653.55	(4,640.20)	0.00
Advances from other funds	0.00	0.00	(6,573.55)	0.00
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,622.01</u>	<u>477,482.39</u>	<u>(149,172.26)</u>	<u>18,188.10</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Lease receivable	0.00	(3,686,137.82)	0.00	0.00
Bond proceeds	0.00	4,000,000.00	0.00	0.00
Bond payment	0.00	0.00	(25,000.00)	0.00
Purchase of capital assets	0.00	(313,862.18)	0.00	0.00
NET CASH USED IN FINANCING ACTIVITIES	<u>0.00</u>	<u>0.00</u>	<u>(25,000.00)</u>	<u>0.00</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	0.00	31,100.00	122,950.00	(494,938.53)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in investments	0.00	(6,836.73)	(3,388.15)	(201,401.08)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,622.01	501,745.66	(54,610.41)	(678,151.51)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>17,326.57</u>	<u>70,389.97</u>	<u>91,788.45</u>	<u>838,720.94</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 20,948.58</u>	<u>\$ 572,135.63</u>	<u>\$ 37,178.04</u>	<u>\$ 160,569.43</u>

2000 DELINQUENT TAX	2001 DELINQUENT TAX	2002 DELINQUENT TAX	2003 DELINQUENT TAX	TOTAL
\$ 33,169.00	\$ 86,208.29	\$ 115,947.59	\$ 16.00	\$ 487,696.49
0.00	0.00	0.00	0.00	68,318.87
0.00	1,854.75	0.00		2,347.41
60,921.01	674,669.72	(850.01)	0.00	5,246.79
248.42	120.33	1.05	0.00	(4,677.75)
0.00	0.00	0.00	0.00	(93.08)
0.00	0.00	0.00	0.00	682,340.15
1,137.70	7,307.72	0.00	0.00	14,076.65
0.00	0.00	0.00	0.00	(37,700.00)
0.00	0.00	0.00	0.00	(159,546.01)
(13,230.00)	(80.42)	0.00	0.00	(1,835.79)
(416.44)	(5,195.93)	0.00	0.00	(44,533.45)
0.00	0.00	0.00	0.00	(100.00)
0.00	0.00	0.00	0.00	154.20
0.00	(18.61)	(33.35)	0.00	306,776.13
0.00	(642,498.92)	0.00	0.00	(649,072.47)
<u>81,829.69</u>	<u>122,366.93</u>	<u>115,065.28</u>	<u>16.00</u>	<u>669,398.14</u>
0.00	0.00	0.00	0.00	(3,686,137.82)
0.00	0.00	0.00	0.00	4,000,000.00
0.00	0.00	0.00	0.00	(25,000.00)
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(313,862.18)</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(25,000.00)</u>
<u>(257,307.83)</u>	<u>(219,735.91)</u>	<u>(116,001.73)</u>	<u>(16.00)</u>	<u>(933,950.00)</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(211,625.96)</u>
<u>(175,478.14)</u>	<u>(97,368.98)</u>	<u>(936.45)</u>	<u>0.00</u>	<u>(501,177.82)</u>
<u>175,478.14</u>	<u>97,368.98</u>	<u>936.45</u>	<u>0.00</u>	<u>1,292,009.50</u>
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>790,831.68</u>

MASON COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	CASH	INVESTMENTS	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 1,292,009.50	\$ 0.00	\$ 1,292,009.50
NET DECREASE	<u>(501,177.82)</u>	<u>0.00</u>	<u>(501,177.82)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ <u>790,831.68</u>	\$ <u>0.00</u>	\$ <u>790,831.68</u>

FIDUCIARY FUNDS

Trust and Agency Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

In this category, Mason County administers the transactions of the Trust and Agency Fund, Library Penal Fund, and Current Tax Collection.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2003

	TRUST AND AGENCY	CURRENT TAX COLLECTION	LIBRARY PENAL	TOTAL
ASSETS				
Cash	\$ 693,364.43	\$ 2,004.41	\$ 40,790.56	\$ 736,159.40
TOTAL ASSETS	<u>\$ 693,364.43</u>	<u>\$ 2,004.41</u>	<u>\$ 40,790.56</u>	<u>\$ 736,159.40</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to State of Michigan	\$ 116,237.69	\$ 0.00	\$ 0.00	\$ 116,237.69
Due to federal government	(35.00)	0.00	0.00	(35.00)
Bonds payable	176,957.50	0.00	0.00	176,957.50
Restitution payable	22,012.38	0.00	0.00	22,012.38
Undistributed taxes	335,458.40	2,004.41	0.00	337,462.81
Due to other units	5,950.80	0.00	0.00	5,950.80
Other current liabilities	36,782.66	0.00	0.00	36,782.66
Undistributed penal fines	0.00	0.00	71.97	71.97
Due to other funds	0.00	0.00	40,718.59	40,718.59
TOTAL LIABILITIES	<u>693,364.43</u>	<u>2,004.41</u>	<u>40,790.56</u>	<u>736,159.40</u>
FUND BALANCE				
Unreserved	0.00	0.00	0.00	0.00
TOTAL FUND EQUITY	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 693,364.43</u>	<u>\$ 2,004.41</u>	<u>\$ 40,790.56</u>	<u>\$ 736,159.40</u>

MASON COUNTY, MICHIGAN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	BALANCE DECEMBER 31, 2002	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2003
ASSETS				
Cash and cash equivalents	\$ 419,605.59	\$ 46,645,782.35	\$ 46,372,023.51	\$ 693,364.43
Investments	91,482.59	2,050.01	93,532.60	0.00
TOTAL ASSETS	\$ 511,088.18	\$ 46,647,832.36	\$ 46,465,556.11	\$ 693,364.43
LIABILITIES				
Due to State of Michigan	\$ 189,430.38	\$ 8,570,771.09	\$ 8,643,963.78	\$ 116,237.69
Due to federal government	(35.00)	14,490.00	14,490.00	(35.00)
Bonds payable	43,075.00	231,065.06	97,182.56	176,957.50
Restitution payable	16,725.37	68,869.03	63,582.02	22,012.38
Undistributed taxes	175,032.29	7,803,028.57	7,642,602.46	335,458.40
Other current liabilities	9,414.05	9,814,163.07	9,786,794.46	36,782.66
Due to other units	77,446.09	223,166.30	294,661.59	5,950.80
TOTAL LIABILITIES	\$ 511,088.18	\$ 26,725,553.12	\$ 26,543,276.87	\$ 693,364.43
LIBRARY PENAL FUND				
ASSETS				
Cash	\$ 45,964.11	\$ 160,776.04	\$ 165,949.59	\$ 40,790.56
LIABILITIES				
Undistributed penal fines	\$ 81.32	\$ 283.65	\$ 293.00	\$ 71.97
Due to other funds	45,882.79	160,492.39	165,656.59	40,718.59
TOTAL LIABILITIES	\$ 45,964.11	\$ 160,776.04	\$ 165,949.59	\$ 40,790.56
CURRENT TAX COLLECTION				
ASSETS				
Cash	\$ 0.00	\$ 244,320.46	\$ 242,316.05	\$ 2,004.41
LIABILITIES				
Undistributed taxes	\$ 0.00	\$ 245,686.35	\$ 243,681.94	\$ 2,004.41
TOTAL - AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 465,569.70	\$ 47,050,878.85	\$ 46,780,289.15	\$ 736,159.40
Investments	91,482.59	2,050.01	93,532.60	0.00
TOTAL ASSETS	\$ 557,052.29	\$ 47,052,928.86	\$ 46,873,821.75	\$ 736,159.40
LIABILITIES				
Due to State of Michigan	\$ 189,430.38	\$ 8,570,771.09	\$ 8,643,963.78	\$ 116,237.69
Due to federal government	(35.00)	14,490.00	14,490.00	(35.00)
Bonds payable	43,075.00	231,065.06	97,182.56	176,957.50
Restitution payable	16,725.37	68,869.03	63,582.02	22,012.38
Undistributed taxes	175,032.29	8,048,714.92	7,886,284.40	337,462.81
Other current liabilities	9,414.05	9,814,163.07	9,786,794.46	36,782.66
Due to other funds	45,882.79	160,492.39	165,656.59	40,718.59
Due to other units	77,446.09	223,166.30	294,661.59	5,950.80
Undistributed penal fines	81.32	283.65	293.00	71.97
TOTAL LIABILITIES	\$ 557,052.29	\$ 27,132,015.51	\$ 26,952,908.40	\$ 736,159.40

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GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled "General Long-Term Debt Account Group."

MASON COUNTY, MICHIGAN
STATEMENT OF GENERAL LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
DECEMBER 31, 2003

**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF GENERAL LONG-TERM DEBT**

Amount available for payment of general long-term debt	\$ 2,093,504.36
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Amount to be provided by County and other units of government	<u>4,471,716.10</u>
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TOTAL AMOUNTS AVAILABLE AND TO BE PROVIDED	\$ <u>6,565,220.46</u>
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GENERAL LONG-TERM DEBT PAYABLE

Accumulated compensated absences payable	\$ 479,675.22
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District Library Land Contract	90,591.24
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1998 Building Authority Bonds – Jail	1,875,000.00
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2002 911 Center Building	1,840,000.00
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Post Closure Care - Pere Marquette Landfill Site	781,704.00
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Post Closure Care - Scottville Landfill Site	<u>1,498,250.00</u>
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TOTAL GENERAL LONG-TERM DEBT PAYABLE	\$ <u>6,565,220.46</u>
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Layton & Richardson, P.C.

Certified Public Accountants

1000 Coolidge Road
East Lansing, MI 48823



(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

David Layton, CPA
Principal
DaveLayton@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.com

Marjorie L. Bucklin, CPA
Manager
Margie@LNRCPA.com

Brenda L. Seelman, CPA
Manager
Brenda@LNRCPA.com

Annette B. Layton
Office Manager
Ann@LNRCPA.com

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
County of Mason,
Ludington, Michigan

We have audited the general purpose financial statement of Mason County, Michigan, except for the Mason County Road Commission, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 7, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Mason County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion of compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Mason County, Michigan, in a separate letter dated May 7, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mason County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Mason County, Michigan, in a separate letter dated May 7, 2004.

This report is intended for the information of the management, the Board of Commissioners, Michigan Department of Treasury, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
May 7, 2004

COUNTY OF MASON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2003

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLENUMBER	FEDERAL CFDA	GRANTORS NUMBER	GRANT PERIOD FROM TO	FEDERAL REVENUE RECOGNIZED	EXPENDITURE
US Department of Health And Human Services Passed Through: Michigan Family Independence Agency: Title IV-D Child Support Enforcement Program: Prosecuting Attorney/FOC Reimbursement Program	93.563		01-01-03 12-31-03	\$ <u>144,211.19</u>	<u>\$144,211.19</u>
Title IV-D Incentive Program	93.560		01-01-03 12-31-03 FY 2001-02 FINAL	17,569.56 19,276.93	17,569.56 19,276.93
Title IV-D Medical Support Enforcement Agreement	93.560		01-01-02 12-31-02 01-01-03 12-31-03	973.30 <u>12,050.01</u>	973.30 <u>12,050.01</u>
TOTAL PROGRAM				<u>49,869.80</u>	<u>49,869.80</u>
Federal Emergency Management Agency Passed through: Michigan Department of State Police Emergency Management Assistance Program: Civil Defense	83.552		10-01-02 09-30-03 10-01-03 09-30-04	6,280.49 3,498.00	6,280.49 3,498.00
Supplemental payment to Local emergency planning Committee	20.703		01-01-03 12-31-03	<u>235.67</u>	<u>235.67</u>
TOTAL PROGRAM				<u>10,014.16</u>	<u>10,014.16</u>
U.S. Department of Housing and Urban Development Passed – Through: Michigan Department of Commerce: Michigan Community Development Block Grant	14.219		01-01-03 12-31-03	<u>33,864.00</u>	<u>33,864.00</u>
Office of Drug Control passed Through: Michigan Department of Community Health: Local Law Enforcement Block Grant Program	16.592	ODCP Project #80059-3L02	10-01-02 09-30-03	<u>29,852.42</u>	<u>29,852.42</u>

COUNTY OF MASON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2003

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLENUMBER	FEDERAL CFDA	GRANTORS NUMBER	GRANT PERIOD FROM TO	FEDERAL REVENUE RECOGNIZED	EXPENDITURE
LinkMichigan Regional Telecommunications Planning Project Grant Agreement US Department of Housing & Urban Development Passed-through: Michigan Department Economic Development Corporation: Michigan Development Block Grant	14.228	Michigan Strategic Fund MSC 201-069-LMRP	07-01-02 01-31-04	\$ <u>48,371.10</u>	\$ <u>48,371.10</u>
Office of Drug Control Policy Byrne Memorial Formula Grant Program, passed through the Michigan Department of State Police: State, Sheriff's, Chief's Enforcement of Narcotics Team	16.579	ODCP Project # 70052-9K98	10-01-02 09-30-03 10-01-03 09-30-04	30,159.00 <u>6,841.00</u> <u>37,000.00</u>	30,159.00 <u>6,841.00</u> <u>37,000.00</u>
TOTAL PROGRAM				<u>37,000.00</u>	<u>37,000.00</u>
FY 2002 State Domestic Preparedness Equipment Grant Agreement Agency Passed - Through: Michigan Department of State Police: Emergency Management Assistance Program	16.007	SDPEG Grant	10-01-02 12-31-03	<u>52,413.49</u>	<u>52,413.49</u>
2003 State Homeland Security Grant Program State Homeland Security Assessment and Strategy Grant Agreement Passed- Through: Michigan Department of State Police: Emergency Management Assistance Program	97.004	SHSGP Grant	07-01-03 10-31-03	<u>2,887.93</u>	<u>2,887.93</u>
FY 2003 State Domestic Preparedness Equipment Grant Agreement Agency Passed- Through: Michigan Department of State Police: Emergency Management Assistance Program	97.004	SDPEG Grant	05-01-03 12-31-03	<u>22,924.91</u>	<u>22,924.91</u>
FY 2002 Supplemental Funds Grant Agreement Federal Emergency Management Agency Passed-Through: Michigan Department of State Police: Emergency Management Assistance Program	97.051	SDPEG Grant	12-16-02 12-15-03	<u>10,472.76</u>	<u>10,472.76</u>
U.S. Department of Agriculture Rural Development, Farmers Home Administration (Direct Program) Water and Waste Disposal Systems for Rural Communities Grant Funds				2,765,400.00	2,765,400.00
Loan Funds	10.760			<u>4,000,000.00</u>	<u>4,000,000.00</u>
TOTAL PROGRAM				<u>6,765,400.00</u>	<u>6,765,400.00</u>
TOTAL FEDERAL REVENUES & EXPENDITURES				<u>\$7,207,281.76</u>	<u>\$7,207,281.76</u>

NOTES TO SCHEDULE TO EXPENDITURES OF FEDERAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1: AIRPORT PROJECT GRANT

The County of Mason received one block grant funded by the Federal Aviation Administration for the design and construction of the Airport Apron Project. The consultants and contractors are paid directly by the Michigan Department of Transportation and, therefore, the County does not record the grant revenue. The total federal funds committed for these projects for the year ended December 31, 2003 of \$608,400.00 are not included on the Schedule of Federal Financial Awards.

**MASON COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

PROGRAM	FINDINGS/COMPLIANCE	QUESTIONED COSTS
	NONE.	

**COUNTY OF MASON, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

A. SUMMARY OF AUDIT RESULTS

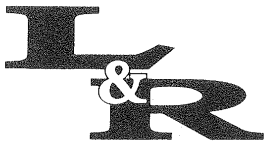
1. The auditors' report expresses a qualified opinion on the general purpose financial statements of the County of Mason.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the County of Mason were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditors' report on compliance for the major federal award programs for the County of Mason expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for the County of Mason.
7. The programs tested as major programs included: U.S. Department of Agriculture Water and Waste Disposal System Direct Program CFDA No. 10.760.
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. County of Mason was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.



Layton & Richardson, P.C.

Certified Public Accountants

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

David Layton, CPA
Principal
DaveLayton@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.com

Marjorie L. Bucklin, CPA
Manager
Margie@LNRCPA.com

Brenda L. Seelman, CPA
Manager
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Annette B. Layton
Office Manager
Ann@LNRCPA.com

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
County of Mason
Ludington, Michigan

Compliance

We have audited the compliance of the COUNTY OF MASON, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2003. The County of Mason, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Mason, Michigan's management. Our responsibility is to express an opinion on the County of Mason, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the County of Mason, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Mason, Michigan's compliance with those requirements.

In our opinion, the County of Mason, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

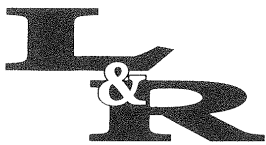
The management of the County of Mason, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of County of Mason in a separate letter dated May 7, 2004.

This report is intended for the information of the management, the Board of Commissioners and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
May 7, 2004



Layton & Richardson, P.C.

Certified Public Accountants

AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Commissioners
County of Mason
Ludington, Michigan

We have audited the general purpose financial statements of Mason County, except for the County Road Commission, for the year ended December 31, 2003, and have issued our reports on those financial statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of Mason County. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of Mason County is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

AUDIT REPORT QUALIFICATIONS FROM PREVIOUS AUDITS

The Auditors' opinion in previous years was qualified because the County had not maintained accounting records for fixed assets. The County has corrected this and meets the requirements of GASB 34 in regard to accounting for fixed assets for the year ended December 31, 2003.

AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS

97-1. Previous audits have noted inadequate separation of duties in various County offices. This situation is common in organizations which have a limited number of employees. This situation is considered to be a material internal control weakness unless significant alternative procedures are implemented to offset the existing weaknesses. This condition has not improved from previous years.

98-1 Public Act 621 of 1978 , as amended, requires the adoption of a balanced budget for the general, special revenue and debt service funds, as well as budget amendments as needed to prevent actual expenditures from exceeding appropriated budgets.

For the year ended December 31, 2003, actual expenditures exceeded budgeted amounts in the Medical Care Facility Fund.

00-1 The Sheriff's Department is currently writing checks to departing inmates for as little as \$.01. The department should have a petty cash fund to handle such small transactions. This has not been implemented.

01-1 The Medical Care Facility does not deposit their cash receipts on a weekly basis with the Treasurer. Due to the size of the deposits, we recommend that they do this on a weekly basis. This has been implemented.

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AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS - Concluded

- 01-2 The checks received at the Register of Deeds are not stamped "for deposit only" when received. We recommend that all checks be stamped "for deposit only" when initially received. This has been implemented.
- 02-1 The person that prepares the deposit slip at the Medical Care Facility should not take it to the bank. We recommend that someone other than the deposit preparer take the money to the bank to have better control over cash. This has been implemented.

CURRENT YEAR RECOMMENDATIONS

- 03-1 Employee forms W-4 are not updated on a regular basis. We recommend requiring employees to submit new forms W-4 every 3 years. This encourages employees to update the forms for any changes in their taxable status and helps ensure that proper income tax amounts are being withheld from employees' paychecks.
- 03-02 In the Sheriff's Department there are a large number of individuals authorized to sign checks, including the Sheriff and Deputy Sheriffs. We recommend decreasing the number of authorized signors to three to provide improved accountability and controls over cash disbursements in the Sheriff's Department
- 03-03 Medical Care Facility bank reconcilements are being reviewed, however, supervisor review and approval is not indicated on the reconciliation. We recommend that the reviewer indicate his or her approval by initialing and dating the reconciliation. This documentation provides assurances that proper reviews have taken place and improves accountability.

These audit findings and recommendations are intended to assist Mason County in improving the accuracy and reliability of the financial accounting and reporting systems, to ensure compliance with laws and regulations affecting County government and to safeguard the financial resources of the County.

We appreciate the assistance and cooperation extended to us by the County's officials and employees during the audit and we thank them.


Certified Public Accountants

East Lansing, Michigan
May 7, 2004